

## REMARKS

In the Office Action, the pending claims (i.e., claims 16-29 and 31) were rejected as being anticipated by U.S. patent application Pub. No. 2003/009406 to Ross. In this amendment, independent claim 16 has been amended. Specifically, claim 16 has been amended to clarify that the remarketing component of the straight, nonconvertible debt security identifies “one or more remarketing dates...” Independent claim 16 also has been amended to clarify that a computer system communicates electronic data regarding the straight, nonconvertible debt security over a computer network. In addition, claim 17 has been amended in this amendment and claim 32 has been added as a new claim. Applicants traverse the rejections as follows.

In order for a claim to be anticipated, a single prior art reference must disclose each and every element as set forth in the claim, either expressly or inherently. *See* MPEP § 2131 (quoting *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987)). That it, “[t]he identical invention must be shown in as complete detail as is contained in the ... claim.” *Id.* (quoting *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989)). Moreover, the elements must be arranged as required by the claim. *See id.* (citing *In re Bond*, 910 F.2d 831, 15 USPQ2d 1566 (Fed. Cir. 1990)).

Here, independent claim 16 is not anticipated by Ross for at least two reasons:

**First**, claim 16 involves issuing a straight, nonconvertible debt security. A straight debt security is one that is not convertible. *See* present application at ¶ [0008].. In contrast, Ross deals with “structuring an interest-bearing obligation which is convertible into stock.” *See* Ross at ¶[0001] (emphasis added). The obligation of Ross “may be sold by the issuer to the underwriter for resale to the holder.” *See* Ross at ¶[0022]. This resale is merely part of the offering of Ross’s convertible obligations and is not equivalent to the remarketing of claim 16.

Despite this fundamental difference, the Office maintains that Ross discloses issuing non-convertible debt. In particular, the Office states, at page 11:

...Ross...recites “Another embodiment of the present invention may be used in the context of a security (e.g., a bond) that is not a pure zero-coupon security, wherein the security which is not a pure zero-coupon security may pay a yield based on the price of a tracked stock.” (Ross US 2003/009406 A1 ¶ [0024]) Examiner notes that straight is debt that cannot be exchanged for another asset. Because most bonds are not convertible, they are examples of straight debt. Thus Ross...discloses straight debt securities.

This conclusion is erroneous, however, because the bond referenced in ¶ [0024] is a convertible bond. Indeed, Ross’s entire patent application is directed to convertible instruments. *See, e.g.*, Ross at ¶[0001] (“the present invention relates to a method for structuring an interest-bearing obligation which is convertible into stock”). Ross never states that the bond reference in ¶ [0024] is non-convertible, which Ross must disclose in order for claim 16 to be anticipated by Ross. *See MPEP § 2131.* The mere fact that Ross mentions a bond is not a platform for the Office to assume that the bond of Ross has all of the features of claim 16 when Ross does not expressly or inherently disclose those features when making an anticipation rejection.

Second, Ross does not disclose issuing a security that is remarketable. More particularly, Ross does not disclose “issuing a straight, nonconvertible debt security, the straight debt security including...a remarketing component providing terms and conditions for remarketing the straight debt security to new investors on one or more remarketing dates.” Claim 16 (emphasis added). Remarketing is a process whereby previously issued securities are redeemed at a certain point after issuance, at which time the previously issued security is remarketed as a new security (which may or may not be remarketable). The Office states, at page 11:

...Ross recites “An issuer may issue the notes for resale by one or more initial purchasers (or “underwriters”) to note holders (e.g., qualified institutional buyers).” Ross US 2003/009406 A1 ¶ [0031]) Thus Ross does indeed recite the remarketing of securities which include bonds...

This passage, however, does not deal with remarketing, but rather the initial issuance of Ross's convertible obligations. According to the quoted passage, the issuer sells the obligation to an underwriter, who then sells the obligations to investors (or holders). This is simply the standard offering procedure for *initially* selling many types of securities. This offering procedure occurs once at the beginning of the transaction and does not occur on more or more remarketing dates at some point in the future. The quoted passage certainly does not disclose "issuing a straight, nonconvertible debt security, the straight debt security including...a remarketing component providing terms and conditions for remarketing the straight debt security to new investors on one or more remarketing dates," as recited in amended claim 16.

For at least these reasons, applicants submit that Ross fails to disclose all of the elements of, and therefore does not anticipate, claim 16, as well as dependent claims 17-29 and 31-32.

### **CONCLUSION**

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants' present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants do not concede the correctness of the Office Action's rejection with respect to any of the dependent claims discussed above. Accordingly, Applicants hereby reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims from the cited references, taken alone or in combination, based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these

differences is believed to be unnecessary at this time in view of the basic differences in the independent claims pointed out above.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

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Respectfully submitted,



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